

January 8, 2004

Mr. Jeff Coopersmith
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1325 Fourth Avenue, Suite 1740
Seattle, Washington 98101-2500

Re: *In the Matter of the Application Regarding the Conversion and Acquisition of Control of Premera Blue Cross and its Affiliates; Docket No. G02-45; Before the Commissioner of Insurance of the State of Washington*

Dear Jeff:

I am in receipt of your letter dated December 23, 2003 that you submitted on behalf of all of the Interveners expressing concern regarding the omission of certain issues from those listed for discussions between representatives of Premera and the OIC Staff. In view of the matters presented in your letter, I believe it is useful to respond with a clarification of the purpose of the discussions.

First, your statement that each of the OIC Staff's consultants concluded that Premera's original proposal was not in the public interest is not a fair characterization. It is more accurate to state that the consultants identified a number of problems with Premera's proposal that must be addressed during the proceedings.

Second, the purpose of the discussions was for Premera and the OIC Staff to focus on problems that could be eliminated by changing the Form A. Although you raise concerns that are shared by the OIC Staff, it is not clear that they can be satisfactorily dealt with by amendment of the Form A. In any case, it is expected that the Interveners will have ample opportunity to present these concerns during the hearing for consideration by the Commissioner.

Finally, the OIC Staff remains committed to a full and complete presentation of all material issues to the Commissioner by all of the parties in this proceeding.

Very truly yours,

Melanie DeLeon
Assistant Attorney General

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